

Major 2000 Legislative Changes



Several of the bills passed by the 2000 Legislature directly affect Nebraska's tax programs. Changes to the motor fuels and charitable gaming programs are not included in this notice. Contact the Motor Fuels Division at 800-554-3835 and Charitable Gaming Division at 402-471-5937 for information on those changes.

Income Tax

Rural Economic Opportunity

The Rural Economic Opportunity Act allows any taxpayer to earn income tax credits for increasing employment and making additional capital investment in a qualifying business.

To qualify for the credits, the business must be engaged in any of the following activities: storage, warehousing, distribution, transportation, or sales of tangible personal property; research, development, or testing for scientific, agricultural, animal husbandry, food product, or industrial purposes; data processing, telecommunications, insurance, or financial services; assembly, fabrication, manufacture, or processing of tangible personal property; or administrative management of any activities, including headquarter facilities relating to such activities. Businesses which do not qualify include: restaurants, farming and ranching operations, most retailers, contractors and repairpersons, and entities subject to the Nebraska Financial Institutions Tax.

To qualify for the credits, a business must also increase employment by one-half of one percent of the labor force in the county, increase investment, and pay at least 125% of the average wage in the county. The taxpayer must file an application and enter into an agreement with the Tax Commissioner to become eligible for the credits. Project applications must be filed before July 1, 2004. Effective July 13, 2000. (LB 936)

Educational Savings Credit

Beginning January 1, 2001, individuals, corporations and fiduciaries may make contributions to the Nebraska Educational Savings Plan Trust. Contributions are deductible, to the extent not already deducted for Federal income tax purposes, from an individual's Federal adjusted gross income or a corporation's or fiduciary's taxable income. The deduction as a participant cannot exceed \$500 for married filing separate returns or \$1,000 for any other filing status. Proceeds from contributions to the plan must be used to pay for a beneficiary's higher education expenses.

The trust will be administered by the State Treasurer. (LB 1003)

Beginning Farmer Income Tax Credit

Several aspects of the Beginning Farmer Tax Credit Act (Laws 1999, LB 630) were clarified and amended. The credits are available to family farm corporations and to resident individuals receiving income from an estate or trust. The credit is operative for tax years beginning on or after January 1, 2001. (LB 1223)

Sales Tax

Purchases by a city airport authority, county airport authority, or joint airport authority are exempt from sales and use tax. This exemption applies to all purchases except those for use in the business of furnishing gas, water, electricity, or heat. Operative October 1, 2000. (LB 557)

Homestead Exemption

Provisions for the homestead exemption were clarified for applications filed in 2000. The definition for one category of "disabled" was changed to require a permanent physical disability and the use of mechanical aids or prostheses as was intended when passed last year. Operative January 1, 2000. (LB 1279)

Miscellaneous

Property Tax Exemption

The application process has been adjusted for taxpayers seeking an exemption from personal property taxes on certain equipment under the Nebraska Employment and Investment Growth Act (Laws 1987, LB 775). Any questions regarding this exemption should be directed to the Department of Property Assessment and Taxation, 1033 "O" Street, Suite 600, Lincoln, NE 68508-3686. Operative July 1, 2000. (LB 968)

Alcoholic Beverages Tax

The Department of Revenue will collect the appropriate Alcoholic Beverages Tax on purchases of alcoholic liquor which have been brought into Nebraska for personal consumption or received by transport, i.e., via U. S. Mail or other common carrier. The tax is due on December 31 of the year in which the purchase was made. The tax is similar to the consumer's use tax in that it applies when the seller has not paid the tax either in Nebraska or another state. Operative August 1, 2000. (LB 973)

Electronic Funds Transfer

Taxpayers who have paid or remitted more than \$100,000 in any tax program may be required to remit taxes or fees using electronic funds transfer. The Tax Commissioner will notify affected taxpayers at least three months prior to the date the first electronic payment will be required. Operative for payments due after January 1, 2001. (LB 1251)

FOR NEBRASKA TAX ASSISTANCE

For All Tax Programs Except Motor Fuels

Contact your regional office or call toll free *1-800-742-7474 (Lincoln residents call 471-5729).

Nebraska Department of Revenue Web site address: www.nol.org/revenue

A copy of the Taxpayer Bill of Rights is available by calling any of our regional offices or visiting our Web site.

SCOTTSBLUFF

Panhandle State Office Complex
4500 Avenue I, Box 1500
Scottsbluff, Nebraska 69363-1500
Telephone (308) 632-1200

NORTH PLATTE

Craft State Office Building
200 South Silber Street
North Platte, Nebraska 69101-4219
Telephone (308) 535-8250

GRAND ISLAND

First Federal Bank Building, Suite 460
1811 West Second Street
Grand Island, Nebraska 68803-5465
Telephone (308) 385-6067

NORFOLK

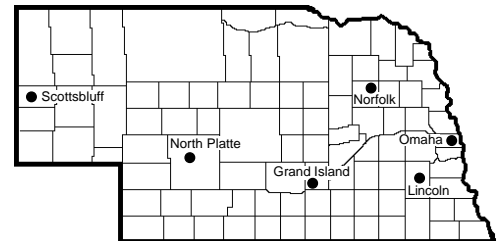
304 North 5th Street, Suite "D"
Norfolk, Nebraska 68701-4093
Telephone (402) 370-3333

OMAHA

Nebraska State Office Building
1313 Farnam-on-the-Mall
Omaha, Nebraska 68102-1871
Telephone (402) 595-2065

LINCOLN

Nebraska State Office Building
301 Centennial Mall South
Lincoln, Nebraska 68509-4818
Telephone (402) 471-5729



For Motor Fuels tax programs only call toll free 1-800-554-3835 (Lincoln residents call 471-5730).

Hearing-impaired individuals may call the Text Telephone (TT) at 1-800-382-9309. TDD (Telecommunications Device for the Deaf) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.

* Toll free from within the continental United States.